

SPECIAL SERVICES PUBLIC COST STUDIES

I. PREFACE

A. Purpose and Content

USPS-FY16-28 documents the cost estimates for Address Management Services, Caller Service, Certificate of Mailing, Credit Card Authentication, Correction of Mailing Lists, Insurance, Money Order Inquiry, Periodicals Applications, Philatelic Sales and Stamp Fulfillment Services (SFS) Handling, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation, Stamped Cards, Stamped Envelopes, Personalized Stamped Envelopes, USPS Tracking, and ZIP Coding of Mailing Lists.

B. Predecessor Documents

USPS-FY15-28

C. Corresponding Non-Public or Public Document

Non-Public versions of some of the Special Services cost studies can be found in USPS-FY16-NP26.

D. Methodology

USPS-FY16-28 relies on the Postal Regulatory Commission (PRC) cost methodology used in Docket No. ACR2015, USPS-FY15-28.

E. Inputs / Outputs

These cost studies rely on inputs from USPS-FY16-1, USPS-FY16-2, USPS-FY16-4, USPS-FY16-7, USPS-FY16-24, USPS-FY16-25, USPS-FY16-32, USPS-FY16-NP15, and USPS-FY16-NP16. The outputs from these cost studies are used in other Annual Compliance Report (ACR) documents as described below.

1. Address Management Services

The workbook “AMS2016.xlsx” contains the cost sheets that are used to develop Address Management Services (AMS) cost estimates. The costs of AMS are reported in the D report (USPS-FY16-31).

2. Caller Service

This workbook “Caller Service2016.xlsx” contains the cost sheets that are used to develop Caller Service cost estimates.

3. Certificate of Mailing

The workbook “Certificate of Mailing2016.xlsx” contains the cost sheets that are used to develop Certificate of Mailing cost estimates.

4. Credit Card Authentication

The workbook “CreditCard2016 Public.xlsx” contains the cost sheets that are used to develop Credit Card Authentication cost estimates. The costs of Credit Card Authentication are reported in the D report (USPS-FY16-31).

5. Correction of Mailing Lists

The workbook “Correction of Mailing Lists2016.xlsx” contains the cost sheets that are used to develop Correction of Mailing Lists cost estimates.

6. Insurance

The workbook “Insurance Costs2016.xlsx” contains the cost sheets that are used to disaggregate Insurance costs.

7. Money Order Inquiry

The workbook “Money Order Inquiry and Float2016.xlsx” contains the cost sheets that are used to develop Money Order inquiry cost estimates. The “ACTUAL TOTALS” worksheet contains float information for money orders.

8. Periodicals Applications

The workbook “Periodicals App Fee 2016.xlsx” contains the cost sheets that are used to develop Periodicals Application cost estimates.

9. Philatelic Sales and SFS Handling

The workbook “Philatelic Sales SFS Handling2016.xlsx” contains the cost sheets that are used to develop Philatelic product cost estimates and Stamp Fulfillment Services Handling cost estimates for non-Philatelic products. The Philatelic Sales cost study and the SFS Handling cost study (formerly Attachment 17) have been combined into one workbook due to the fact that they rely on much of the same input data and generate outputs that are an input to the other cost study. In addition, the cost study was reorganized in order to reduce the number of worksheets that contain cost inputs and improve the citations. No cost methodologies have been changed. The Philatelic product costs are also reported in USPS-FY16-NP27. The Stamp Fulfillment Services Handling costs for non-Philatelic products are reported in the D report (USPS-FY16-31).

10. P.O. Box Key Replacement and Lock Changes

The workbook “PO BoxesKeyReplacement2016.xlsx” contains the cost sheets that are used to develop P.O. box key replacement and lock change cost estimates.

11. Restricted Delivery

The workbook “Restricted Delivery2016.xlsx” contains the cost sheets that are used to develop Restricted Delivery cost estimates.

12. Return Receipt

The workbook “Return Receipt2016.xlsx” contains the cost sheets that are used to develop Return Receipt cost estimates. The Return Receipt After Mailing (RRAM) price category was removed from the Price List in FY 2015. The worksheet in which those costs were calculated has therefore been removed from the cost study. Some RRAM-specific cost model inputs were also removed from the cost study. In addition, the cost study was reorganized in order to reduce the number of worksheets that contain cost inputs and improve the citations. Finally, an error was corrected in the cost study. The electronic Return Receipt (eRR) price category was established in Docket No. R2001-1. Since its inception, the window acceptance time estimate for regular Return Receipt has been used as a proxy for eRR. An updated time estimate for regular Return Receipt was presented in Docket No. RM2012-1 and subsequently approved by the Commission in Order No. 1153. The Postal Service, however, neglected to present that time estimate as the proxy for eRR in that docket. Since the approval of Docket No. RM2012-1, the eRR value in the cost model has continued to be the time estimate for regular Return Receipt that was developed in Docket No. R2000-1. This error has been corrected. The Docket No. RM2012-1 window acceptance time estimate for regular Return Receipt is now being used as the proxy for eRR. No cost methodologies have been changed.

13. Signature Confirmation

The workbook “SigCon2016 Public.xlsx” contains the cost sheets that are used to develop Signature Confirmation cost estimates. The cost study that was filed in Docket No. ACR2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost model has been reorganized so that all the cost inputs and citations are on the ‘Inputs’ worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed. This cost study is identical to the cost study filed in USPS-FY16-NP26 (Attachment 7), with the exception that the Competitive product cost estimates have been redacted.

14. Stamped Cards

The workbook “Stamped Cards2016.xlsx” contains the cost sheets that are used to develop Stamped Card cost estimates.

15. Stamped Envelopes

The workbook “Stamped Envelopes2016.xlsx” contains the cost sheets that are used to develop Stamped Envelope cost estimates. The cost study itself has been reorganized so as to minimize the number of worksheets that contain inputs. No cost methodologies have been changed. In addition, extraneous data that did not affect the calculations were removed from the model. An error was also identified in the cost model. FY 1998 SFS Customer Service costs have been used to develop the sales cost estimates for several years, but those costs have never been scaled to current terms using a CPI-U factor. This error has now been corrected.

16. Personalized Stamped Envelopes

The workbook “Stamped Envelopes PSES2016.xlsx” contains the cost sheets that are used to develop Personalized Stamped Envelope shipping cost estimates. The Personalized Stamped Envelope shipping costs are reported in the D report (USPS-FY16-31).

17. Reserved

The SFS Handling cost study that was previously filed as Attachment 17 has been combined with the Philatelic Sales cost study in Attachment 9, as described above. Attachment 17 will be reserved as a filing location for future cost studies.

18. USPS Tracking

The workbook “USPSTracking2016.xlsx” contains the cost sheets that are used to develop USPS Tracking unit cost estimates. The cost study that was filed in Docket No. ACR2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost model has been reorganized so that all the cost inputs and citations are on the ‘Inputs’ worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed.

In Docket No. RM2014-6, Proposal Eight, the Postal Service presented a new methodology for estimating USPS Tracking costs. In Order No. 2180, the Postal Regulatory Commission approved Proposal Eight and stated that “the USPS Tracking cost model (USPS-FY13-NP26) used to calculate the distribution of USPS Tracking

costs to the host product is no longer necessary.” There are two products, however, for which USPS Tracking cost estimates are still necessary. The first product is Standard Mail parcels. Standard Mail parcels are currently assessed a USPS Tracking fee for the electronic service. The second product is First-Class Mail parcels. The First-Class Mail parcels electronic cost estimate is used to support International negotiated service agreements (NSA). The cost estimates for all other products have been removed from the cost study.

19. ZIP Coding of Mailing Lists

The workbook “ZIP Coding of Mailing Lists2016.xlsx” contains the cost sheets that are used to develop ZIP Coding of Mailing Lists cost estimates.